

Message Text

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42

ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 SCS-03 SCA-01

CIAE-00 INR-07 NSAE-00 SS-15 SP-02 L-02 NSC-05 PRS-01

PPT-01 IGA-01 SSO-00 NSCE-00 INRE-00 /055 W

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 7508

C O N F I D E N T I A L NEW DELHI 3597

E.O. 11652: GDS

TAGS: PFOR, CPAS, IN, US

SUBJECT: DROBOT CASE

WE HAVE TALKED WITH DADACHANJI, WESTINGHOUSE'S INDIAN LAWYER, WHO IS STRONGLY IN FAVOR OF LYON'S VISIT. HE EXPLAINS THAT INDIAN INCOME TAX AUTHORITIES HAVE FILED A RS. ONE MILLION TAX CLAIM AGAINST WESTINGHOUSE AS INCOME TAX ON DROBOT THAT SHOULD HAVE BEEN WITHHELD AT SOURCE. PENALTIES BEGIN ACCRUING AFTER MARCH 26. DADACHANJI SAYS HE HAS TOLD TAX AUTHORITIES OF POSSIBILITY OF LYONS VISIT AND THEY AGREE HE SHOULD COME TO NEGOTIATE THE CLAIM. DADACHANJI SAYS TAX AUTHORITIES CONSIDER THAT SUCH A VISIT WOULD LIGHTEN THE ATMOSPHERE. DADACHANJI MINIMIZES RISK OF UNFAVORABLE PUBLICITY ON GROUNDS VISIT WILL SHOW THAT WESTINGHOUSE IS NOT EVADING TIS RESPONSIBILITIES. HE DOES NOT THINK THERE IS A SERIOUS POSSIBILITY THAT LYONS WILL BE ARRESTED OR HARRASSED. TAX AUTHORITIES KNOW THAT THEIR HOPE OF GETTING THE TAX DUE THEM WOULD DEPEND ON LYONS LEAVING INDIA TO ARRANGE MATTERS WITH WESTINGHOUSE.

WE ARE IMPRESSED WITH DADACHANJI'S ARGUMENT, BUT WE DO NOT DISMISS THE RISKS QUITE SO LIGHTLY IN THIS MATTER WHICH IS AS MUCH POLITICAL AS JURIDICIAL. THERE IS ALWAYS THE DANGER THAT POLITICAL PRESSURES COULD CAUSE THE GOI TO DENY LYONS PERMISSION TO DEPART. WE ARE INCLINED, HOWEVER, AFTER TALKING TO DADACHANJI NOT TO RECOMMEND AGAINST THE VISIT. WE HOPE
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THAT LYONS WILL COME TO SEE US SHORTLY AFTER HIS ARRIVAL

IF HE DOES DECIDE TO COME, WE WILL SEEK OFFICIAL ADVICE FROM
THE GOI IF WESTINGHOUSE REQUIRES US TO DO SO.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX LAW, CLAIMS, FUGITIVES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchantr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE03597
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750090-0043
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750350/aaaabsoe.tel
Line Count: 65
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: buchantr
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAY 2003 by ElyME>; APPROVED <07 OCT 2003 by buchantr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DROBOT CASE WE HAVE TALKED WITH DADACHANJI, WESTINGHOUSE'S INDIAN
TAGS: PFOR, CPAS, IN, US, WESTINGHOUSE, (DROBOT, JAN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006